

shoreline. It is, therefore, a community solution, rather than an individual property owner solution.

**(4) Move my house away from the eroding shoreline?**

**A:** Yes. If space allows, a structure can be moved landward on the same lot, or it can be relocated to a new property. If the building is relocated with private funds, it must be relocated the maximum feasible distance landward on the present property. If relocated with public funds, it must meet the current setback requirements.

**(5) Be required to move my house away from the eroding shoreline?**

**A:** Yes. As of 1993, new development permits for oceanfront buildings require owners to move or dismantle erosion-threatened buildings (buildings that are less than 20 feet from the line of stable dune vegetation nearest the sea), unless natural shoreline recovery or beach nourishment takes place within two years and the structure is no longer threatened.

*[For information on site-specific erosion control projects, contact your local permit officer or the N.C. Division of Coastal Management.]*



**Q: Can I get insurance for damage resulting from erosion and flooding?**

**A:** Probably, but not always. You may be able to purchase a flood insurance policy (separate from a standard homeowner's policy). The National Flood Insurance Program (NFIP) makes flood insurance

available nationwide to eligible properties. NFIP policies are written by private insurance companies for a processing fee and included federally-mandated terms and costs. Discounts on annual premiums are available for buildings in some flood zones if constructed above the minimum floor elevation standards. To determine if NFIP insurance is available in your area, contact your insurance agent or see N.C. flood maps online at: <http://www.ncfloodmaps.com/>.

For elevation discounts and tips on rating existing buildings, see: [http://www.ncfloodmaps.com/pubdocs/grandfathering\\_letter.pdf](http://www.ncfloodmaps.com/pubdocs/grandfathering_letter.pdf).

Determine the availability and cost of flood insurance in advance, and any limits on coverage. Private insurance coverage may be available for excess flood coverage or property not eligible for the NFIP.

**Q: Is flood insurance mandatory for coastal property?**

**A:** Sometimes. If the property is in an identified flood-prone area, federally insured lenders, including most banks, savings & loans and mortgage lenders, are required to have the building owner provide proof of flood insurance coverage for the life of the lien. Outside flood-prone areas, lenders still may require flood insurance to protect their lien and to declare the balance of the loan due and payable if coverage is not maintained. If a loan is not federally insured or there is no loan, no law requires flood insurance.

Flood-prone areas are identified on Flood Insurance Rate Maps. (See above for sources.) Even if not required, when building or buying near the ocean, flood insurance is always a good idea.

*[For information about flood insurance and discounts, contact your local building official, insurance agent, the North Carolina Floodplain Mapping Program or the National Flood Insurance Program.]*

**Q: What are the limitations of flood insurance?**

**A:** Federal flood insurance covers only building and contents damage—including damage from waves—caused

by flooding. Technically, damage caused by chronic, long-term erosion is not directly covered unless it occurs during a storm event, which is almost always the case.

Federally-backed flood insurance coverage does not cover damage to the land caused by flood, waves or erosion. Therefore, much of the purchase price for oceanfront property is not insured if the land erodes.

When a building is so damaged that it cannot be repaired or rebuilt, flood insurance may be inadequate to cover the cost of removing the structure and/or repaying the loan. Even if the building is undamaged, erosion that makes the lot “unbuildable” for new construction may cause the property value to significantly decline.



**Q: Can I get insurance for wind damage to coastal property?**

**A:** Probably. Because of the high risk in coastal areas, some private insurance companies exclude coverage for wind damage. For that reason, the N.C. Department of Insurance has established the Coastal Property Insurance Pool, formerly known as the “Beach Plan,” to provide wind coverage in areas where it is not otherwise available.

*[For more information about the Beach Plan or homeowner's policy coverage, contact your insurance agent or the North Carolina Department of Insurance.]*

**Q: Can I rebuild or repair my building if it is damaged by a coastal storm, fire or other hazard?**

**A:** Maybe. If the damage is less than 50 percent of the building's market value immediately prior to the damage, you may be able to repair it at its original location. However, if the building is more than 50

percent damaged, repairs must meet the latest setback requirements, floodplain regulations and other building code requirements. Permits are required, as if it were new construction. In addition, repair or replacement on the lot would be prohibited if erosion has left insufficient space to meet the setback at that time.

Purchasers should determine if the lot and building presently meet the setback for new construction and eligible for a replacement building, keeping in mind the risk that erosion may make the lot unbuildable in the future.

**ADDITIONAL INFORMATION:**

- **North Carolina Division of Coastal Management**  
252-808-2808 / 1-888-4RCOAST (1-888-472-6278)  
[www.nccoastalmanagement.net](http://www.nccoastalmanagement.net)
- **North Carolina Real Estate Commission**  
(919) 875-3700  
[www.ncrec.gov](http://www.ncrec.gov)
- **North Carolina Department of Insurance**  
For general information: 1-800-546-5664  
<http://www.ncdoi.com/>  
“Beach Plan” information: 1-800-662-7048  
<http://www.ncjua-nciua.org/>
- **National Flood Insurance Program**  
<http://www.floodsmart.gov/floodsmart/>  
<http://www.ncfloodmaps.com/>
- **Local Building Officials**  
Call the local town hall or county municipal building.



**AUTHORS:**

- **Lisa Schiavinato & Walter Clark** (retired)  
*North Carolina Sea Grant Coastal Law, Policy and Community Development Specialist*  
919-515-1895  
[lisa\\_schiavinato@ncsu.edu](mailto:lisa_schiavinato@ncsu.edu)

- **Spencer Rogers**  
*North Carolina Sea Grant Coastal Construction and Erosion Specialist*  
910-962-2491  
[rogerssp@uncw.edu](mailto:rogerssp@uncw.edu)  
[www.ncseagrant.org](http://www.ncseagrant.org)

This work was partially supported by grant NA46RGO087 from the National Sea Grant College Program, National Oceanic and Atmospheric Administration, to the North Carolina Sea Grant College Program.

UNC-SG-96-10

**The North Carolina Real Estate Commission**

P.O. Box 17100  
Raleigh, North Carolina 27619-7100  
919/875-3700  
Web Site: [www.ncrec.gov](http://www.ncrec.gov)

5,000 copies of this public document were printed at a cost of \$.000 per copy.

REC 3.35 1/1/11

# Questions and Answers on: PURCHASING COASTAL REAL ESTATE IN NORTH CAROLINA

